Results report

H1 2023

TSC

THE SMARTPHONE COMPANY

2023

The Smartphone Company (TSC): Performance Analysis

RESULTS
H1 2023

- This presentation provides an analysis of TSC's performance during the first half of 2023.
- Key focus areas include financial results, regional performance, product analysis, and strategic insights.
- Objective: Highlight opportunities for growth and operational efficiency.

Key Performance Metrics

RESULTS
H1 2023

Total Orders

423, with 89.6% completed (379 orders) and 10.4% canceled (44 orders).

Total Revenue

$47,670.00, generated from smartphone and accessory sales.

Total Costs

$13,117.08, being:

93.4% -Production Costs

6.6% - Shipping Expenses

Gross Profit

$34,552.92, achieving a gross margin of 72.5%.

Performance by Region

RESULTS
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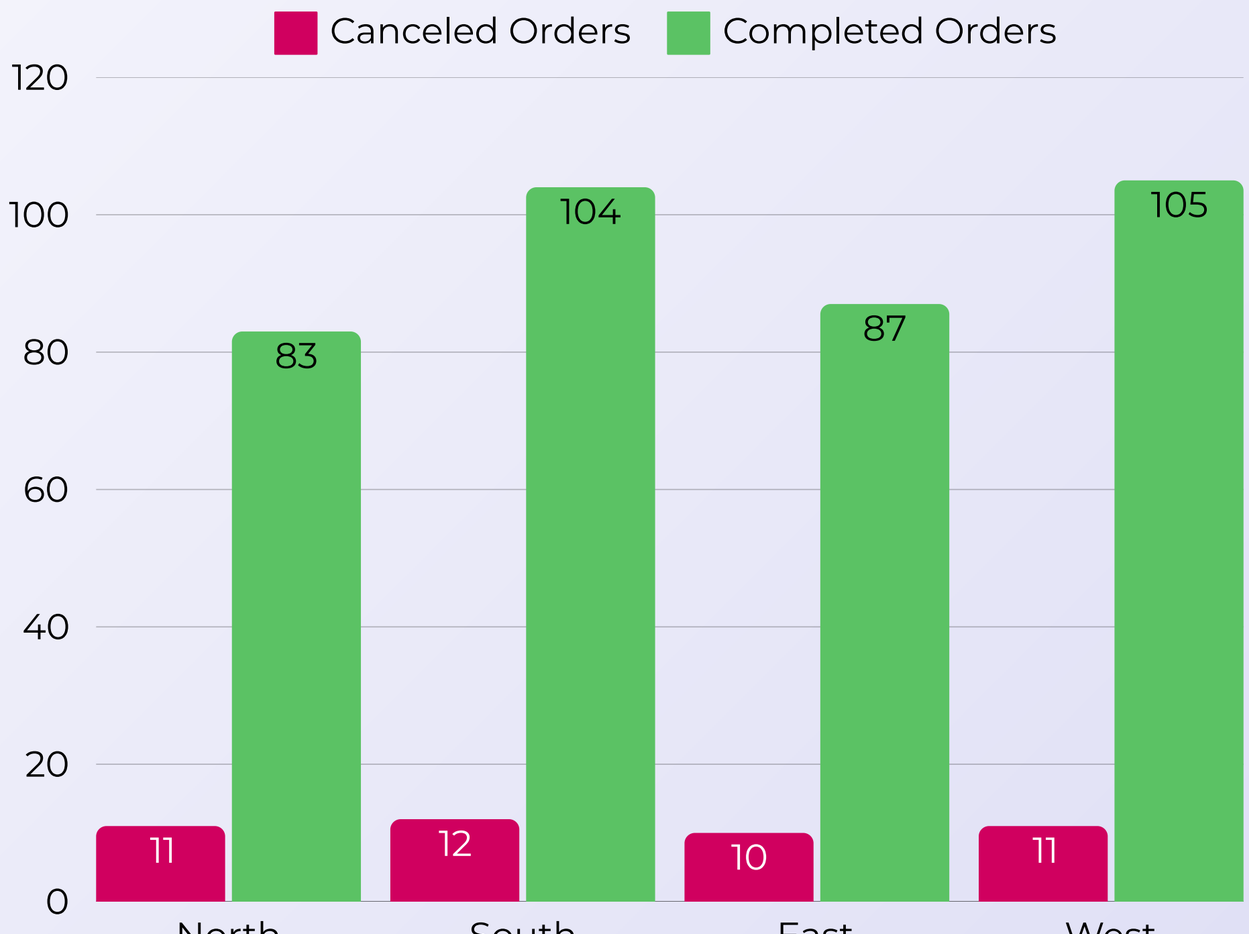
The **South** and **West** regions stand out with higher numbers of completed orders and total sales, indicating strong demand and operational efficiency. All regions show similar cancellation rates, suggesting that the cancellation issue is consistent across the country, and efforts could be focused on improving sales conversion.



	North	South	East	West
Total sales	**$10.420,00**	**$13.535,00**	**$10.990,00**	**$12.725,00**

Inventory

Product sales analysis

RESULTS
H1 2023

- **Initial vs Final Stock:**

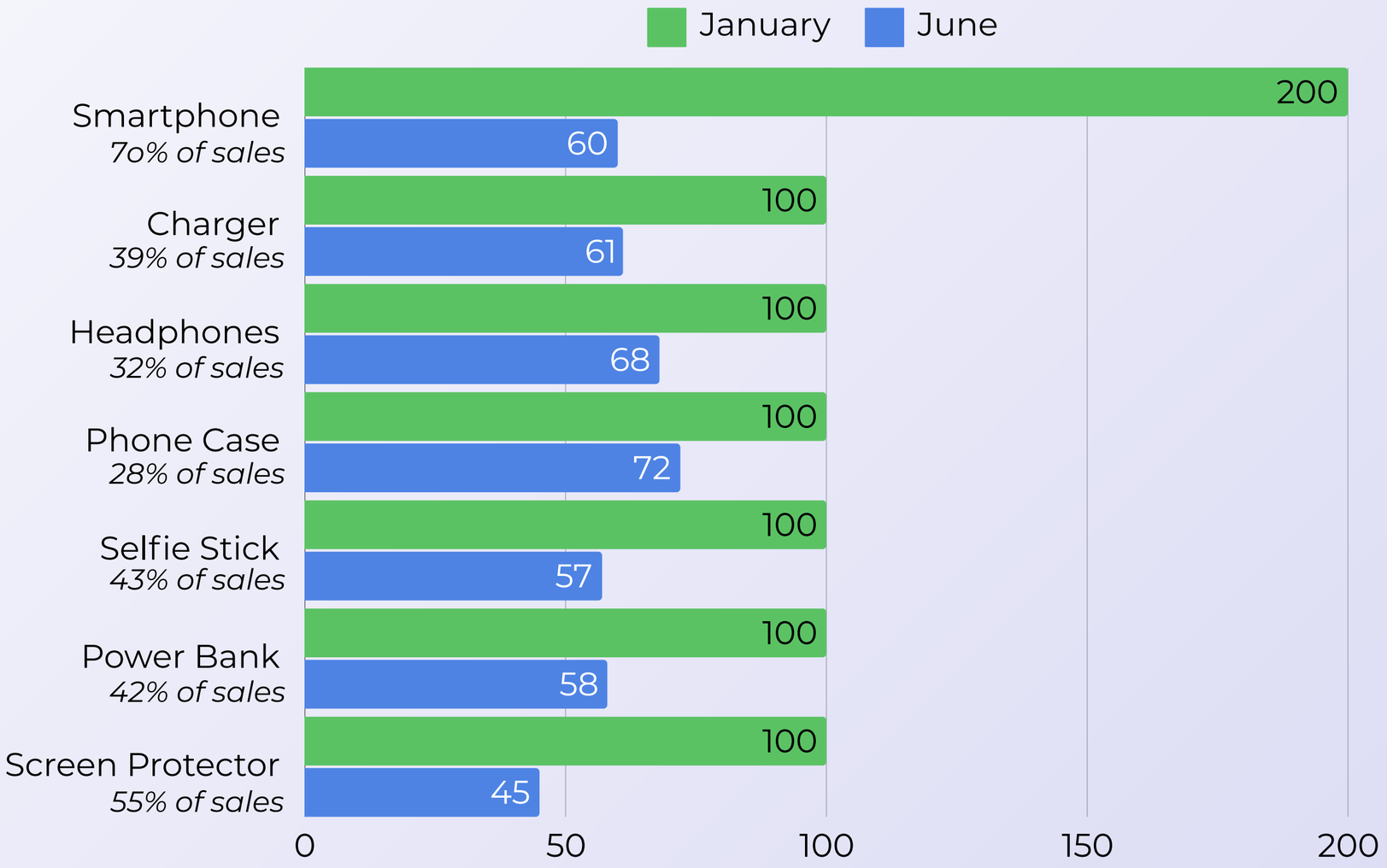
The comparison between initial and final stock shows a significant decrease across most products, with Smartphones and Screen Protector seeing the largest sales.

- **Total Stock Value:**

The final inventory value stands at **$6,555.00** in production cost, with a potential sales value of **$27,830.00**, highlighting the difference between cost and the potential revenue from these items.

- **Key Insight - Phone Case:**

The Phone Case has the lowest sales ratio, with only 28% of its initial stock sold. This product's low turnover could indicate either lower demand or possible pricing and positioning challenges that need to be addressed.



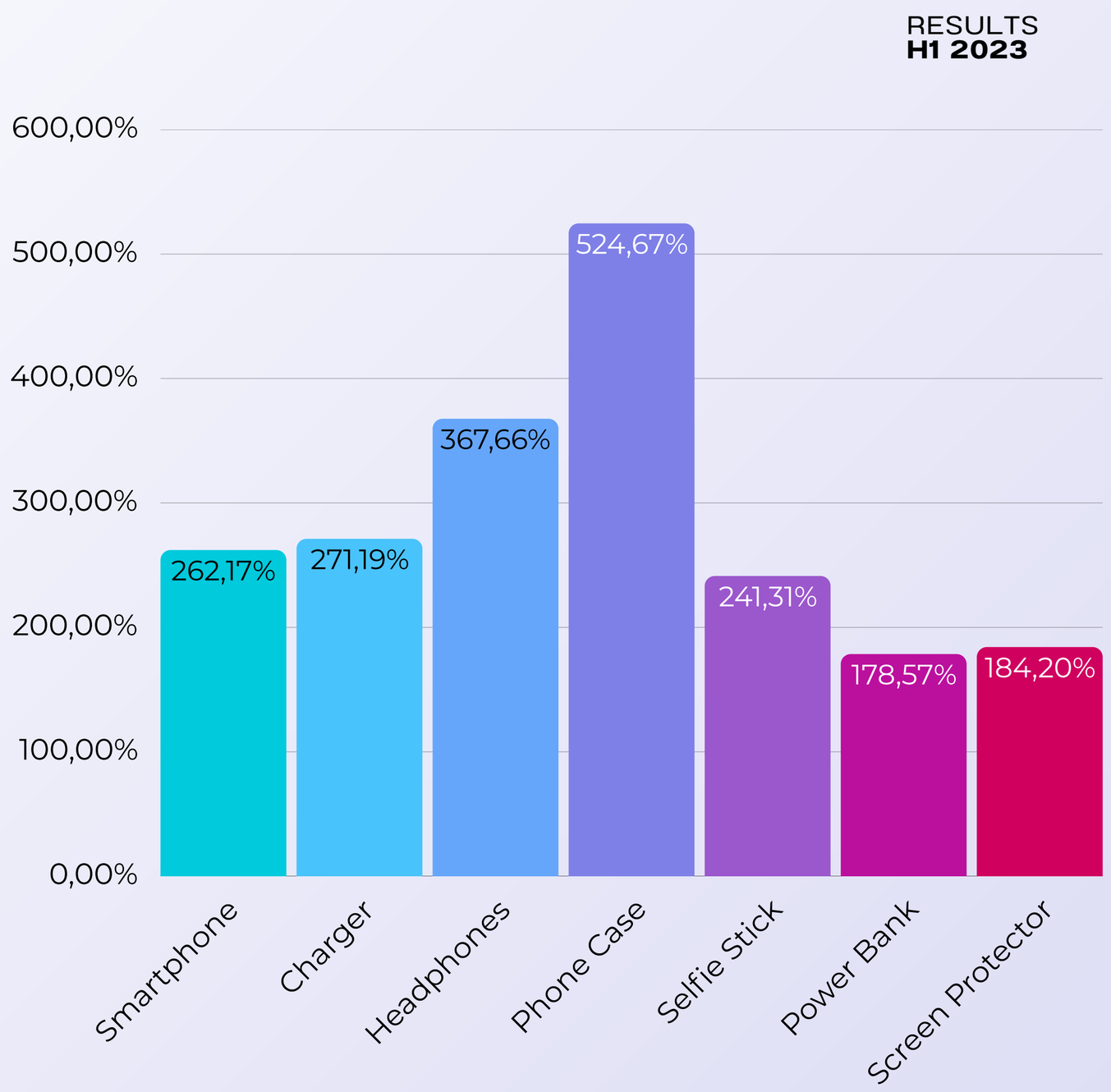
|Product profit analysis

- **Phone Case Profit Margin:**

The Phone Case has the highest profit margin at 524.67%, reflecting its low production cost. However, this high margin does not necessarily compensate for its lower sales volume. Despite strong profitability per unit, it doesn't drive significant revenue.

- **Smartphones, The Revenue Driver:**

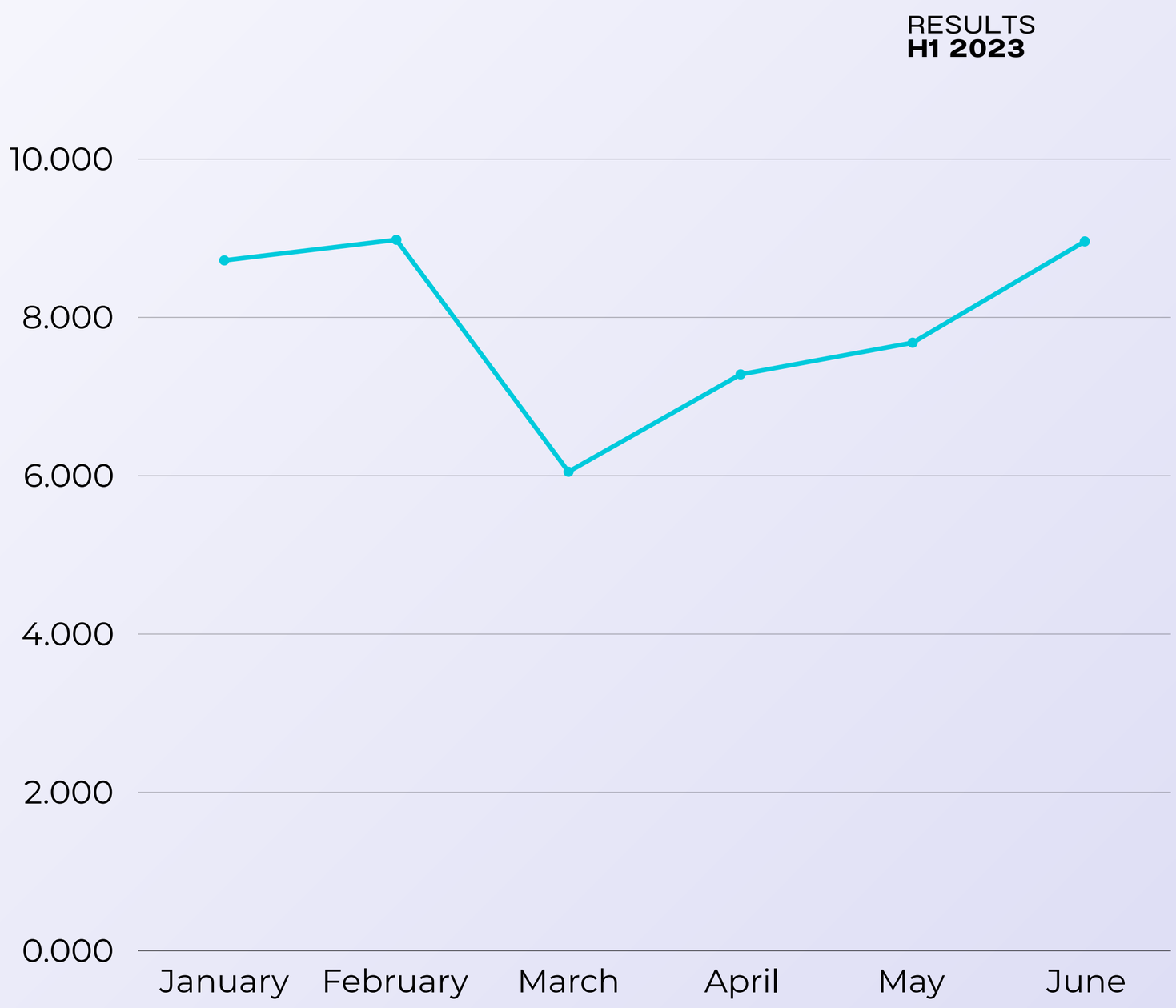
While the Smartphone category has a lower profit margin, its higher sales volume and higher selling price contribute to nearly 90% of TSC's total profit. This shows that while profit margin is important, the volume of sales and price points are what truly drive revenue.



|Monthly sales analysis

TSC's revenue has remained consistent throughout the first half of 2023, with only slight fluctuations. The highest revenue was recorded in February ($8,980), while March saw a dip to $6,050. Overall, the company has maintained a strong performance with monthly revenues consistently between $7,000 - $9,000.

Key Insight:
The dip in March could be worth investigating further to understand if there were external factors or internal challenges contributing to this decline. Identifying such patterns may help optimize operations for better consistency throughout the year.



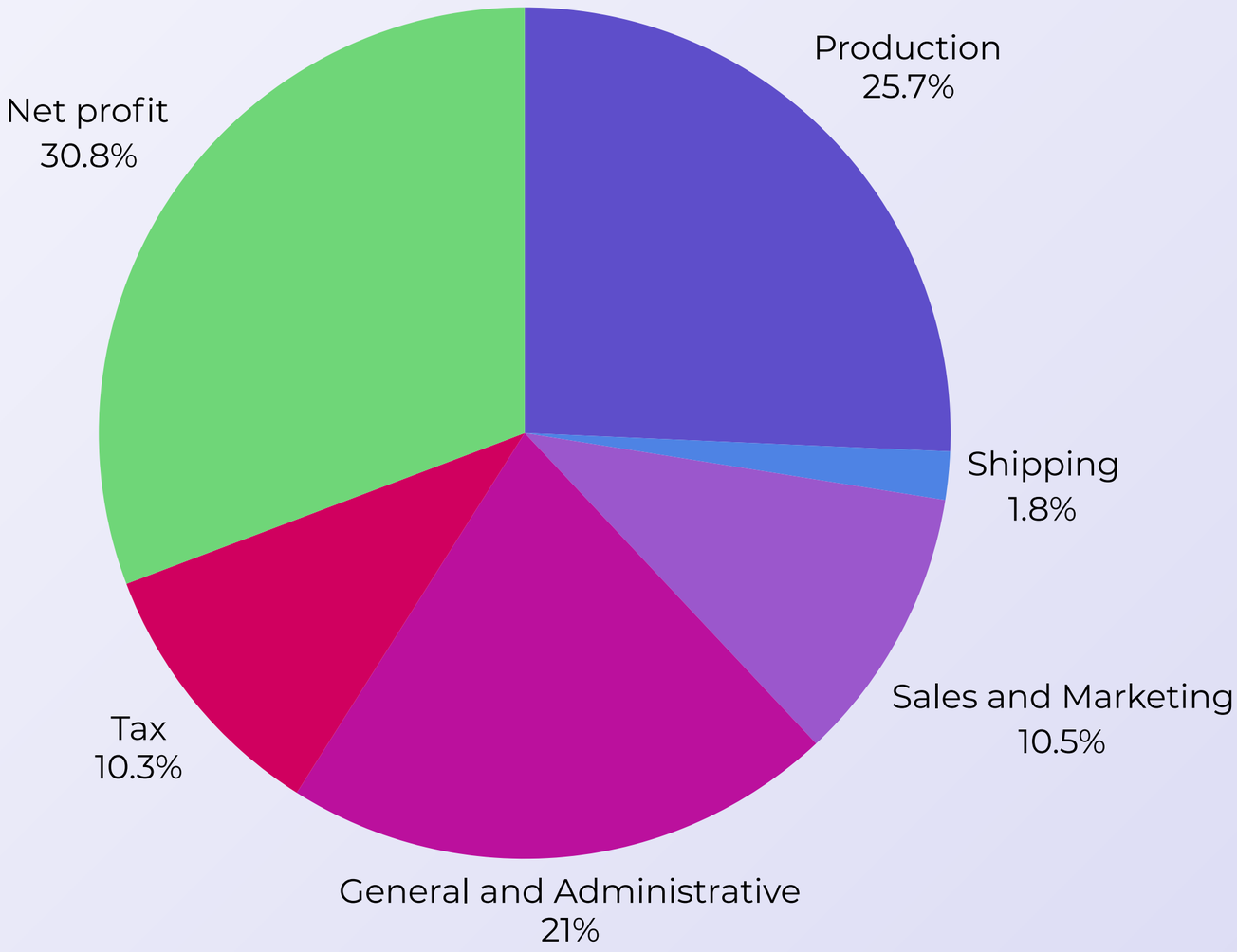
Profit Analysis

RESULTS
H1 2023

Distribution of costs by segment:

- Shipping Costs: $872.08
- Production Costs: $12,245.00
- Sales and Marketing: $5,000.00
- General and Administrative: $10,000.00
- Tax*: $4,888.23

TSC generated a **total revenue of $47,670.00** in the first half of 2023. After all expenses, the company achieved a **net profit of $14,664.69**. With a 30.8% net profit margin, TSC demonstrated strong profitability, reflecting a good balance between revenue generation and cost management.



* A 25% tax rate was applied, comprising the 21% federal corporate tax rate and an estimated 4% average state corporate tax rate, to reflect typical U.S. tax obligations for businesses.

Balance

Total Inventory *(Production cost)*	$6.555,00
Total Cashflow *(Owner's Investment + Cash)*	$15.000,00
Gross Profit	$34.552,92
Total expenses *(General costs, Shipping, Tax)*	(-) $19.888,23
TOTAL H1 2023	**$36.219,69**

Key Improvement Opportunities

1

Adjust pricing for Phone Case:

Reduce the profit margin to increase sales volume for this product, making it more competitive in the market.

2

Encourage multi-product purchases:

Introduce strategies such as "order bumps" for complementary products (e.g., Phone Case and Screen Protector with Smartphones) or customizable accessory bundles to increase the average order value.

3

Expand targeted marketing efforts:

Focus on regions with higher sales potential (South and West) by leveraging localized campaigns and promotions based on consumer behavior.

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Sales Forecast H2 2023

Sales Forecast

Projected Total Revenue for 2023	**$93,828.00**
Projected H2 2023 Revenue	**$46,158.00**

Key Production Insights

1 Smartphones

- Current stock will sell out.
- At least 80 units must be produced to meet demand.

2 Power Bank

- Stock will also deplete.
- At least 3 units need to be restocked for the year.

3 Other Accessories:

- Current inventory is sufficient for the rest of the year.
- Production efforts should focus on Smartphones and Power Banks.

Conclusion

Revenue Drivers

Smartphones dominate both revenue (nearly 88% of total profit) and sales volume, confirming their role as TSC's core product.

Pricing Strategy

Adjusting the pricing of Phone Cases to lower the profit margin could help increase sales volume, making it a more competitive product.

Sales Techniques

Boost revenue by encouraging multiple-product purchases per order. Introduce options like customizable accessory bundles and order bumps during checkout to boost revenue and enhance the customer experience.

Production Focus

With sufficient stock of most accessories for the remainder of the year, TSC can optimize operations by focusing production on Smartphones and Power Banks, ensuring supply aligns with projected demand.

By refining its pricing, marketing, and sales strategies, TSC is not only well-positioned to achieve its projected revenue for 2023 but also to surpass it, unlocking even greater profitability in the second half of the year.

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Thank you!

Data analysis and presentation prepared by **Júlia Aleixo**
For further details, feel free to reach out: juliapaleixo@gmail.com